EGYPT

- **Equity Market Capitalization**: $41.85 Bn
- **Debt Market Capitalization**: $38.29 Bn
- **Number of listed companies**: 248
- **Number of issuers (bonds)**: 5
- **Domestic Equity Market Cap/GDP**: 14.27%
- **Domestic Debt Market Cap/GDP**: 13.06%
- **Total Equity Market Cap/GDP**: 14.27%
- **Number of listed companies**: 248
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**Volume Traded**

- **Equity Market Share Volume Traded**: 60,705,996,362
- **Debt Market Instrument Volume Traded**: 62,641,556
• Alexandria Stock Exchange established
  - 1898

• Cairo Stock Exchange established
  - 1904

• Egyptian independence
  - 1922

• First ETF listed on the Egyptian Exchange
  - 2015
The first attempts to establish an exchange in Egypt took place in 1898 in Alexandria, Egypt’s second biggest city. In 1902, investors and brokers formed a company, along with a union, and stipulated a law to regulate the exchange. Two years later, the union started a stock exchange in Cairo for which membership was limited to securities brokers. Both exchanges ranked fifth in the world in the 1940s. Today, the Egyptian Exchange (EGX) is governed by Mohamed Farid Saleh, chairman, and a board of market representatives.

At the international level, the EGX enjoys a strong presence: chair of the Arab Federation of Exchanges (AFE), a member of the World Federation of Exchanges (WFE), chair of the Working Committee of the Federation of Euro-Asian Stock Exchanges (FEAS), board member of the African Securities Exchanges Association (ASEA), and founding member of the UN Sustainable Stock Exchanges (SSE) initiative. In recognition of the EGX’s efforts to promote sustainability in stock exchanges, the Sustainable Stock Exchanges initiative presented the exchange with the Ground-Breaker Award in Geneva in 2018.

**EQUITIES**

The Egyptian equity market, as shown in Figure 1, is composed of the main market, with shares of companies whose capital exceeds EGP100 million, and the Nile Stock Exchange (NILEX), with shares of small and medium

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**FIGURE 1. EQUITY MARKET CAPITALIZATION, 2008–2018**

![Equity Market Capitalization Chart](chart.png)
enterprises (SMEs) whose capital amounts are less than EGP100 million.

The EGX 30 Index, previously named CASE 30, is designed and calculated by the EGX and includes the largest 30 companies on the exchange in terms of liquidity and activity, weighted by free-float market cap. Figure 2 shows its activity for 2008–2018. The index has been calculated in both the local currency and US dollars since 1998. The exchange started publishing its USD-denominated index on 1 March 2009, and the first index funds on the main EGX 30 Index started trading on 14 April 2015.

The EGX liquidity indicator (turnover ratio) shown in Figure 3 reached its highest level in 2008 (96%) and its lowest level in 2013 (27%).

**BONDS**

The bond market, shown in Figure 4, is composed of government bonds traded on the EGX, including 66 Treasury and 19 housing bonds; corporate bonds (39 issued), including fixed- and floating-rate bonds; and securitised bonds. The EGX is the developer of the bonds trading system for the Egyptian market, providing multiple trading venues to satisfy the needs of both issuers and investors.
KEY EVENTS AND DEVELOPMENTS

The Egyptian government has embarked on an ambitious economic reform program, with the following achievements:

1. **Fiscal policy reforms and infrastructure development.** The Egyptian government aimed to reduce the budget deficit by
   a. introducing a value-added tax (VAT) to sustainably increase tax revenues and
   b. reforming expenditures by reducing energy subsidies, among other activities.

2. **Legislative reform, including the** *New Investment Law, Industrial Licensing Law, Microfinance Law, Bankruptcy Law, and Companies Law.*

3. **Floatation of the Egyptian pound.** Floating the EGP normalized the foreign exchange market and eliminated the parallel and black markets for foreign currency. The focus of monetary policy is to bring down inflation, which exceeded 30% in April 2017, mainly because of the sharp depreciation of the EGP and the impact of energy and tax reforms.

4. **Government IPO program.** The IPO program evaluated an expansive portfolio of 23 state-owned companies for IPO opportunities to improve the exchange’s liquidity and introduce new sectors to the EGX.

Egypt’s sovereign ratings have improved; Moody’s Investors Service, Fitch Ratings, and Standard & Poor’s have each improved the country’s ratings since 2013. Moreover, key economic indicators have been recuperating: Real GDP growth recorded 5.3% in 2017/2018, unemployment dropped to 10% in the first quarter of 2018 and 2019, and headline inflation was 12.7% in January 2019, down from a peak of 33% in July 2017.

Through these reforms, Egypt has regained its economic stability, extended private sector engagement, and encouraged foreign investment. Net foreign purchases, shown in Figure 5, had reached negative numbers in 2011 because of political upheaval and regime change. They rebounded quickly in 2012 but dropped further in the years to follow. However, net foreign purchases reached their second-highest level in 2017, right after the government initiated its economic reform program.
Foreign investors’ participation in IPOs has gradually grown. Between 2016 and 2018, participation doubled, as shown in Figure 6. However, public participation has been minimal, not surpassing EGP50 million from 2016 to 2018.

The EGX embarked on a development plan to deepen the market, reforming its trading system, mechanisms, and rules. In 2008, the EGX, in cooperation with NASDAQ OMX, launched X-Stream, a new trading system to accommodate increasing trading volumes. In addition to the main trading system, there are a number of auxiliary trading systems, such as the omnibus accounts system, which facilitates the execution of omnibus orders; the block trades system, designed to execute large transactions and neutralize their impact on the security’s price in the market; the surveillance system, which verifies executed transactions and ensures their compliance with the laws, regulations, and procedures stipulated to protect investors; the disclosure system, which announces important news and data related to traded securities; and the OTC trading system, for trading unlisted companies.

In a bid to enhance market liquidity, the EGX activated the market maker mechanism for listed companies and further developed its trading rules and mechanisms by:

- setting new requirements for the inclusion of IPOs;
- extending the allowed intra-day trading mechanism from 104 to 160 stocks;
- expanding price limits on companies that are subject to tender offers;
- extending the time granted for disqualified stocks to conform to the margin trading ratios;
- amending trading system ticket sizes;
- cutting circuit breaker trading halt-time from 30 minutes to 10;
allowing adjustments of exchange-traded fund (ETF) opening prices;

accounting for the impact of cash dividends on trading halts;

allowing stock splits more than once for each stock per year;

approving margin trading for ETFs;

expanding the number of stocks allowed to be traded through margin and intra-day trading; and

doubling the intra-day trading limit per security while allowing multiple trades after reaching the limit.

The EGX is committed to playing a substantial role in the national economic reform process by improving supply levels through attracting more companies to list, raising disclosure levels between listed companies and investors, facilitating trading mechanisms, and initiating new financial instruments.

The EGX’s strategy aims to fulfil the following objectives:

1. Launch new products, including financial derivatives, commodities derivatives, a fixed-income trading platform, and software development support

2. Strengthen social responsibility and sustainability

3. Enhance the legislative and regulatory infrastructure of the market

4. Develop the trading platform and upgrade technological infrastructure

5. Reinforce the EGX’s role in enhancing economic and social welfare

6. Increase promotional activities and awareness

7. Strengthen the EGX’s international presence

The EGX believes that it is crucial to raise levels of financial culture and awareness in Egypt to encourage more investors to join the market and to position the market as a long-term incremental savings tool.
EGX: A Reform Story

The Egyptian Exchange (EGX) embarked on a reform plan to deepen Egypt’s capital markets; mirroring the unprecedented economic reform measures undertaken by the Government of Egypt, which restored macroeconomic stability, boosted private sector participation and created strong economic growth.

Enhancing Trading Environment
- Halving Circuit Breakers time for the first time since 2002
- Canceling trading halts and widening price limits resulting from cash dividends distribution
- Allowing Margin Trading on ETFs

Improved Transparency & Disclosure
- Improving communication between listed companies and research houses
- Enforced website updates for listed companies
- Expanded the adoption of the online disclosure system

International Relations
- Hosted the 21st African Securities Exchanges Association (ASEA) Board, Assembly & Annual Conference

Foreigners Net Purchasing Activity Pre vs. Post Reforms (EGP bn)

EGX Targets
- Trading Soared on Listed Stocks Post Reforms (EGP bn)
- 50.2% increase in Traded Value
- 51.9% increase in Traded Volume

EGX Family of Indices in 2019

www.egx.com.eg